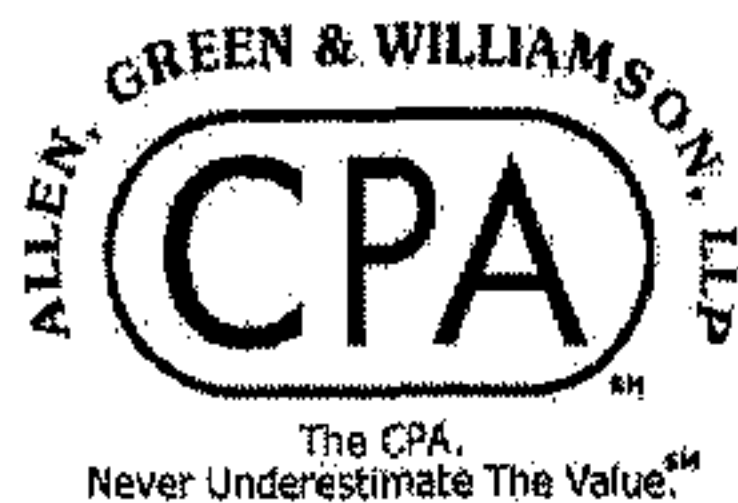


**Housing Authority of the City of Minden
Minden, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2003**

**Housing Authority of the City of Minden
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the City of Minden, Minden, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of June 30, 2003, the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2003, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Housing Authority taken as a whole. The accompanying supplemental information, as listed in the table of contents and the schedule of expenditures of federal awards which is required by U. S. Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
October 3, 2003

HOUSING AUTHORITY OF THE CITY OF MINDEN

Combined Balance Sheet - All Fund Types June 30, 2003

Statement A

	PROPRIETARY FUNDS - ENTERPRISE FUNDS -	FIDUCIARY FUNDS - AGENCY FUND -	TOTAL (MEMORANDUM ONLY)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 687,459	\$ 6,537	\$ 693,996
Investments	235,148	0	235,148
Receivables, net of allowance of \$2,205	7,415	0	7,415
Prepaid items and other assets	44,730	0	44,730
Inventory	12,364	0	12,364
Total Current Assets	987,116	6,537	993,653
Restricted Assets			
Tenant deposits	22,325	0	22,325
Fixed Assets			
Land, buildings, and equipment (net)	4,526,802	0	4,526,802
TOTAL ASSETS	\$ 5,536,243	\$ 6,537	\$ 5,542,780

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

**Combined Balance Sheet - All Fund Types
June 30, 2003**

Statement A

	PROPRIETARY FUNDS - ENTERPRISE FUNDS -	FIDUCIARY FUNDS - AGENCY FUND -	TOTAL (MEMORANDUM ONLY)
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ 12,554	\$ 0	\$ 12,554
Intergovernmental payables	8,556	0	8,556
Accrued wages and payroll taxes	14,584	0	14,584
Deferred revenue and other liabilities	<u>11,252</u>	<u>0</u>	<u>11,252</u>
Total Current Liabilities	46,946	0	46,946
Current Liabilities Payable From Current Restricted Assets			
Deposits due others	22,325	0	22,325
Noncurrent Liabilities			
Other noncurrent liabilities	5,616	6,537	12,153
Compensated absences payable	<u>15,481</u>	<u>0</u>	<u>15,481</u>
Total Noncurrent Liabilities	21,097	6,537	27,634
Total Liabilities	<u>90,368</u>	<u>6,537</u>	<u>96,905</u>
Fund Equity			
Contributed Capital	2,858,109	0	2,858,109
Retained earnings:			
Unreserved	<u>2,587,766</u>	<u>0</u>	<u>2,587,766</u>
Total Fund Equity	<u>5,445,875</u>	<u>0</u>	<u>5,445,875</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,536,243</u>	<u>\$ 6,537</u>	<u>\$ 5,542,780</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF MINDEN

**ENTERPRISE FUNDS
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2003**

Statement B

OPERATING REVENUES

Dwelling rental	\$ 273,835
Other	<u>61,695</u>
Total revenues	<u>335,530</u>

OPERATING EXPENSES

Administration	235,153
Tenant services	300
Utilities	45,758
Ordinary maintenance & operations	270,189
General expenses	84,897
Housing assistance payments	475,219
Depreciation and amortization	<u>367,294</u>
Total operating expenses	<u>1,478,810</u>
Income (loss) from Operations	<u>(1,143,280)</u>

NONOPERATING REVENUES (EXPENSES)

Interest earnings	12,116
Federal grants	1,599,925
Gain or loss on disposition of fixed assets	<u>0</u>
Total nonoperating revenues (expenses)	<u>1,612,041</u>

NET INCOME (Loss) before Transfers	468,761
------------------------------------	---------

Depreciation on fixed assets acquired by contributions	358,623
Gain or loss on disposition of fixed assets	0
Transfers	<u>0</u>

Increase (decrease) in retained earnings	\$ <u>827,384</u>
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(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2003

Statement B

RETAINED EARNINGS AT BEGINNING OF YEAR	\$ <u>1,760,382</u>
RETAINED EARNINGS AT END OF YEAR	<u>2,587,766</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	3,216,732
Depreciation transferred from retained earnings	(358,623)
CONTRIBUTED CAPITAL AT END OF YEAR	<u>2,858,109</u>
FUND EQUITY, END OF YEAR	\$ <u>5,445,875</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Cash Flows
For the Year Ended June 30, 2003

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (1,143,280)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	367,294
Changes in operating current assets and liabilities:	
(Increase) Decrease in receivables	60,612
(Increase) Decrease in prepaid items and and other assets	(547)
(Increase) Decrease in inventory	(7,908)
Increase (Decrease) in accounts payables	(80,838)
Increase (Decrease) in intergovernmental payables	8,556
Increase (Decrease) in accrued wages and payroll taxes	(12,436)
Increase (Decrease) in deferred revenue and other liabilities	(4,852)

NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

(813,399)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal grants	1,599,925
Increase in compensated absences	<u>12,985</u>

NET CASH PROVIDED (USED) BY NONCAPITAL
FINANCING ACTIVITIES

1,612,910

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Purchase fixed assets	<u>(633,050)</u>
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NET CASH PROVIDED (USED) BY CAPITAL
AND RELATED FINANCING ACTIVITIES

\$ (633,050)

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Cash Flows
For the Year Ended June 30, 2003

Statement C

CASH FLOW FROM INVESTING ACTIVITIES:

(Increase) Decrease in investments	\$ (6,212)
(Increase) Decrease in restricted assets	(225)
Interest earnings	<u>12,116</u>

NET CASH PROVIDED (USED) BY INVESTING
ACTIVITIES

5,679

NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS

172,140

CASH AND CASH EQUIVALENTS AT BEGINNING
OF YEAR

515,319

CASH AND CASH EQUIVALENTS AT END
OF YEAR

\$ 687,459

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

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Housing Authority of the City of Minden
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Minden (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Minden is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the City of Minden, serve a staggered term of five years.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	247
Section 8	
Housing Choice Vouchers	137

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is *fiscally independent* of other state or local governments. As used in GASB Statement 14, *fiscally independent* means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Minden since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Minden. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Minden.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various resident associations which are legally separate entities.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Housing Authority are classified in two categories: proprietary and fiduciary.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority. The Webster literacy grant fund is an agency fund which accounts for assets held by the Housing Authority as an agent.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

D. BUDGETS

General Budget Policies The Housing Authority adopted budgets for all funds. The budgets for the Capital Fund Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body.

All appropriations lapse at year-end.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budget integration (within the accounting records) is employed as a management control device.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

**Housing Authority of the City of Minden
Notes to the Basic Financial Statements**

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	40 years
Office equipment (other than computers)	5 years
Computers	3 years
Automobiles and trucks	7 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. FUND EQUITY Reservations represent those portions of fund equity that are not appropriable for expenses or legally segregated for a specific future use.

L. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS At June 30, 2003, the Housing Authority has cash and cash equivalents (book balances) totaling \$951,469 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Housing Authority's carrying amount of deposits was \$951,469 including restricted deposits of \$22,325, and the bank balance was \$963,640. Of the bank balance, \$219,317 was covered by federal depository insurance. \$228,848 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

Authority's name (GASB Category 3). The remaining balance of \$515,475 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - RECEIVABLES The receivables of \$7,415, net of allowance for doubtful accounts of \$2,205, at June 30, 2003, are as follows:

<u>Class of Receivables</u>	<u>Total</u>
Residents	\$7,058
Others	34
Interest	323
Total	<u>\$7,415</u>

NOTE 4 - FIXED ASSETS The changes and balances in fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 59,580	\$ 0	\$ 0	\$ 59,580
Site improvements	443,994	0	0	443,994
Buildings and building improvements	9,610,681	2,732	0	9,613,413
Furniture and equipment	680,321	13,912	32,181	662,052
Construction in progress	184,681	616,406	0	801,087
Total	<u>10,979,257</u>	<u>633,050</u>	<u>32,181</u>	<u>11,580,126</u>
Less accumulated depreciation:				
Site improvements	349,964	258	0	350,222
Buildings and building improvements	5,804,188	334,587	0	6,138,775
Furniture and equipment	564,059	32,449	32,181	564,327
Total	<u>6,718,211</u>	<u>367,294</u>	<u>32,181</u>	<u>7,053,324</u>
Fixed assets, net	<u>\$ 4,261,046</u>	<u>\$265,756</u>	<u>\$ 0</u>	<u>\$ 4,526,802</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to five percent of each participant's basic (excludes overtime) compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended June 30, 2003, was \$293,444. The Housing Authority's contributions were calculated using the base salary amount of \$285,480. Both the Housing Authority and the covered employees made the required contributions of \$28,548 for the year ended June 30, 2003.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

NOTE 6 - ACCRUED WAGES AND PAYROLL TAXES The payables at June 30, 2003, are as follows:

Payroll deductions and taxes	\$ 3,642
Compensated absences - short-term	<u>10,942</u>
Total	<u>\$14,584</u>

NOTE 7 - COMPENSATED ABSENCES At June 30, 2003, employees of the Housing Authority have accumulated and vested \$26,423 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$27,458
Additions	6,669
Deductions	<u>7,704</u>
Balance at end of year	<u>\$26,423</u>

NOTE 8 - CHANGES IN AGENCY DEPOSITS DUE OTHERS A summary of changes in the Webster Literacy Grant agency fund follows:

Balance at beginning of year	\$9,032
Additions	11
Deductions	<u>2,506</u>
Balance at end of year	<u>\$6,537</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Construction Projects There are certain major construction projects in progress at June 30, 2003. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Litigation The Housing Authority is not presently involved in any litigation.

NOTE 10 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance through the Louisiana Housing Council Authorities Group Self-Insurance Trust. This self-insurance program is a public entity risk pool which has been approved by both the State of Louisiana Insurance Commission and the Department of Housing and Urban Development. The Trust operates as any other commercial insurance company. Five insurance companies currently share the excess coverage insurance. No additional assessments can be made against the Housing Authority. The Housing Authority is responsible only for the premium payments.

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule

For the Year Ended June 30, 2003

PHA: LA037 FYED: 06/30/2003

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciar y	Total
111	Cash - Unrestricted	\$56,885	\$452,119	\$178,455	\$0	\$6,537	\$693,996
114	Cash - Tenant Security Deposits	0	22,325	0	0	0	22,325
100	Total Cash	56,885	474,444	178,455	0	6,537	716,321
125	Accounts Receivable - Miscellaneous	0	34	0	0	0	34
126	Accounts Receivable - Tenants - Dwelling Rents	0	9,263	0	0	0	9,263
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	(2,205)	0	0	0	(2,205)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0
129	Accrued Interest Receivable	0	102	221	0	0	323
120	Total Receivables, net of allowances for doubtful accounts	0	7,194	221	0	0	7,415
131	Investments - Unrestricted	0	201,078	34,070	0	0	235,148
142	Prepaid Expenses and Other Assets	0	44,730	0	0	0	44,730
143	Inventories	0	12,364	0	0	0	12,364
143.1	Allowance for Obsolete Inventories	0	0	0	0	0	0
144	Interprogram Due From	0	2,158	2,331	0	0	4,489
150	Total Current Assets	56,885	741,968	215,077	0	6,537	1,020,467
161	Land	0	503,574	0	0	0	503,574
162	Buildings	0	9,613,413	0	0	0	9,613,413
163	Furniture, Equipment & Machinery - Dwellings	0	325,818	53,318	0	0	379,136
164	Furniture, Equipment & Machinery - Administration	0	282,916	0	0	0	282,916
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	0	(7,025,148)	(28,176)	0	0	(7,053,324)
167	Construction In Progress	0	0	0	801,087	0	801,087
160	Total Fixed Assets, Net of Accumulated Depreciation	0	3,700,573	25,142	801,087	0	4,526,802
180	Total Non-Current Assets	0	3,700,573	25,142	801,087	0	4,526,802
190	Total Assets	\$56,885	\$4,442,541	\$240,219	\$801,087	\$6,537	\$5,547,269

(Continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule

For the Year Ended June 30, 2003

PHA: LA037 FYED: 06/30/2003

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciar y	Total
312	Accounts Payable <= 90 Days	\$0	\$10,923	\$1,631	\$0	\$0	\$12,554
321	Accrued Wage/Payroll Taxes Payable	0	3,459	183	0	0	3,642
322	Accrued Compensated Absences - Current Portion	0	10,942	0	0	0	10,942
331	Accounts Payable - HUD PHA Programs	0	0	8,556	0	0	8,556
341	Tenant Security Deposits	0	22,325	0	0	0	22,325
342	Deferred Revenues	0	4,414	0	0	0	4,414
346	Accrued Liabilities - Other	0	6,838	0	0	0	6,838
347	Interprogram Due To	646	0	3,843	0	0	4,489
310	Total Current Liabilities	646	58,901	14,213	0	0	73,760
354	Accrued Compensated Absences - Non Current	0	13,814	1,667	0	0	15,481
353	Noncurrent Liabilities - Other	0	0	5,616	0	6,537	12,153
350	Total Noncurrent Liabilities	0	13,814	7,283	0	6,537	27,634
300	Total Liabilities	646	72,715	21,496	0	6,537	101,394
504	Net HUD PHA Contributions	0	2,858,109	0	0	0	2,858,109
508	Total Contributed Capital	0	2,858,109	0	0	0	2,858,109
511	Total Reserved Fund Balance	0	0	0	0	0	0
512	Undesignated Fund Balance/Retained Earnings	56,239	1,511,717	218,723	801,087	0	2,587,766
513	Total Equity/Net Assets	56,239	4,369,826	218,723	801,087	0	5,445,875
600	Total Liabilities and Equity/Net Assets	\$56,885	\$4,442,541	\$240,219	\$801,087	\$6,537	\$5,547,269

(Continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule

For the Year Ended June 30, 2003

PHA: LA037 FYED: 06/30/2003

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciar y	Total
703	Net Tenant Rental Revenue	\$0	\$273,835	\$0	\$0	\$0	\$273,835
705	Total Tenant Revenue	0	273,835	0	0	0	273,835
706	HUD PHA Operating Grants	0	432,327	550,265	927	0	983,519
706.1	Capital Grants	0	0	0	616,406	0	616,406
711	Investment Income - Unrestricted	1,920	7,628	2,568	0	0	12,116
715	Other Revenue	31,623	19,635	3,614	0	0	55,072
716	Gain/Loss on Sale of Fixed Assets	0	6,623	0	0	0	6,623
700	Total Revenue	\$33,743	\$740,048	\$556,447	\$617,333	\$0	\$1,947,571

(Continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule

For the Year Ended June 30, 2003

PHA: LA037 FYED: 06/30/2003

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciar y	Total
911	Administrative Salaries	\$0	\$102,739	\$28,210	\$0	\$0	\$130,949
912	Auditing Fees	0	7,137	3,843	0	0	10,980
915	Employee Benefit Contributions - Administrative	0	32,412	5,185	0	0	37,597
916	Other Operating - Administrative	12,324	31,665	11,638	0	0	55,627
922	Relocation Costs	0	0	0	300	0	300
931	Water	0	33,534	0	0	0	33,534
932	Electricity	0	10,335	0	0	0	10,335
933	Gas	0	1,889	0	0	0	1,889
941	Ordinary Maintenance and Operations - Labor	0	162,495	0	0	0	162,495
	Ordinary Maintenance and Operations - Materials and						
942	Other	0	35,860	0	0	0	35,860
	Ordinary Maintenance and Operations - Contract						
943	Costs	0	16,727	0	0	0	16,727
	Employee Benefit Contributions - Ordinary						
945	Maintenance	0	51,263	0	0	0	51,263
961	Insurance Premiums	0	77,253	851	0	0	78,104
963	Payments in Lieu of Taxes	0	6,793	0	0	0	6,793
969	Total Operating Expenses	12,324	570,102	49,727	300	0	632,453
970	Excess Operating Revenue over Operating Expenses	21,419	169,946	506,720	617,033	0	1,315,118
971	Extraordinary Maintenance	0	3,844	0	0	0	3,844
973	Housing Assistance Payments	0	0	475,219	0	0	475,219
974	Depreciation Expense	0	358,623	8,671	0	0	367,294
900	Total Expenses	12,324	932,569	533,617	300	0	1,478,810
1001	Operating Transfers In	0	627	0	0	0	627
1002	Operating Transfers Out	0	0	0	(627)	0	(627)
1010	Total Other Financing Sources (Uses)	0	627	0	(627)	0	0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$21,419	(\$191,894)	\$22,830	\$616,406	\$0	\$468,761

(Continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule

For the Year Ended June 30, 2003

PHA: LA037 FYED: 06/30/2003

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciar y	Total
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0	0	0
1103	Beginning Equity	34,820	4,561,720	195,893	184,681	0	4,977,114
	Prior Period Adjustments, Equity Transfers and						
1104	Correction of Errors	0	0	0	0	0	0
1112	Depreciation Add Back	0	358,623	0	0	0	358,623
	Maximum Annual Contributions Commitment (Per						
1113	ACC)	0	0	544,329	0	0	544,329
	Prorata Maximum Annual Contributions Applicable to						
1114	a Period of less than Twelve Months	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	30,080	0	0	30,080
1116	Total Annual Contributions Available	\$0	\$0	\$574,409	\$0	\$0	\$574,409
1120	Unit Months Available	0	2,964	1,644	0	0	4,608
1121	Number of Unit Months Leased	0	2,880	1,619	0	0	4,499

(Concluded)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ACTUAL MODERNIZATION
COST CERTIFICATE
June 30, 2003

1. The actual Capital Fund program costs is as follows:

	PROJECT <u>LA48P 037 50 101</u>
Funds Approved	\$ 455,151
Funds Expended	<u>455,151</u>
Excess of Funds Approved	<u>0</u>
Funds Advanced	455,151
Funds Expended	<u>455,151</u>
Excess of Funds Advanced	<u>\$ 0</u>

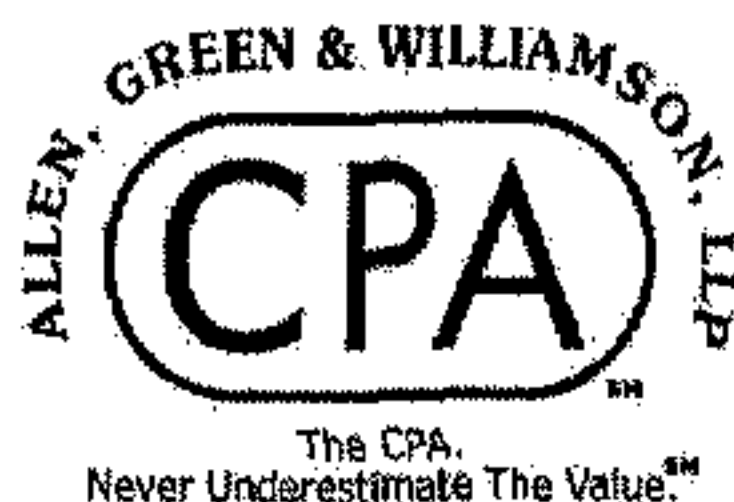
2. The distribution of costs by project as shown on the final schedule of Capital Fund program expenditures dated July 8, 2003 accompanying the actual Capital Fund program cost certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All Capital Fund program costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the City of Minden
General**

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners are as follows:

Larry Johnson, Chairman	\$ 900
Dr. Gary Daniel, Vice Chairman	900
Truvesta Johnson	900
Eugene Martin	900
Angela Wills	<u>900</u>
	<u><u>\$4,500</u></u>



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Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

We have audited the financial statements of the Housing Authority of the City of Minden, Minden, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as 03-F1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Management Letter Items

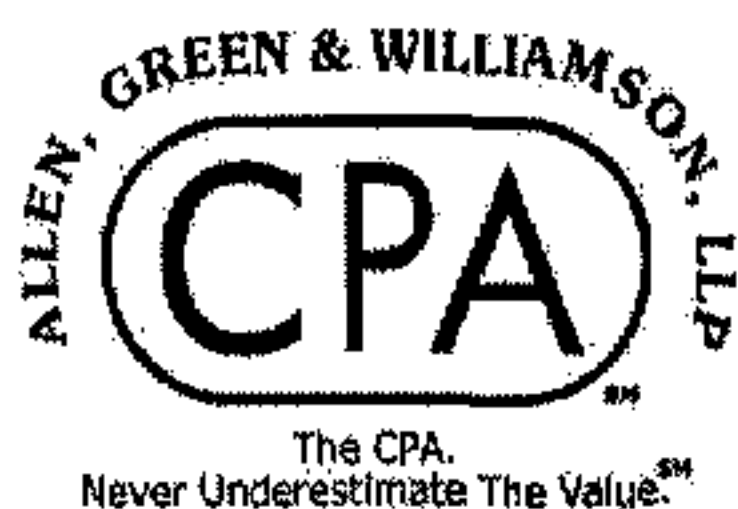
We noted a matter involving the internal control over financial reporting which we have reported to management in a separate letter dated October 3, 2003.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
October 3, 2003



ALLEN, GREEN & WILLIAMSON, LLP

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Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Minden, Minden, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 03-F2.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-F2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
October 3, 2003

**Housing Authority of the City of Minden
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
Direct Programs			
Public and Indian Housing			
Operating Subsidy	14.850	FW2026	\$ 432,327
Section 8 Housing Choice Vouchers	14.871	FW2026	550,265
Public Housing Capital Fund Program	14.872	FW2026	<u>617,333</u>
Total			<u>\$1,599,925</u>

Housing Authority of the City of Minden
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

Nonoperating revenues
Federal grants

\$1,599,925

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Minden
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was an instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.

The reportable condition disclosed was not considered a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal program is:

CFDA #14.850 Public and Indian Housing Operating Subsidy
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of Minden
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **03-F1** **Unsecured Deposits**

Entity-wide or program/department specific: This comment applies to the entity as a whole.

Criteria or specific requirement: Louisiana Revised Statutes Title 39 – Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA-R.S. 39:1225 require that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

Condition found: At June 30, 2003, the Housing Authority had \$844,323 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$228,848 at June 30, 2003. The remaining \$515,475 was uncollateralized.

Possible asserted effect (cause and effect):

Cause: The bank sold one of the securities in May 2003 and failed to pledge additional securities.

Effect: The Housing Authority's deposits were undersecured at June 30, 2003.

Recommendations to prevent future occurrences: The Housing Authority should require the bank to send a pledged security report monthly. The pledged securities should then be compared to actual bank balances at month end to determine if accounts are adequately collateralized.

**Housing Authority of the City of Minden
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Reference # and title: **03-F2** **Resident Files**

Entity-wide or program/department specific:

CFDA #14:850

Public and Indian Housing Operating Subsidy

Criteria or specific requirement: 24 CFR Sections 5.212, 5.230 and 5.601 through 5.617, as well as HUD guidance concerning the Form 50058 contain requirements for information required to be maintained in resident files. These requirements dictate that a copy of HUD Form 50058 be maintained for each resident. Social security numbers and dates of birth listed on the form should agree to the proof provided. Residents must provide proof of birth dates for all family members and must provide social security numbers for all children over the age of six.

Condition found: The following exceptions were noted for the sample of 15 resident files tested:

1. Social security numbers and/or birth dates listed on HUD Form 50058 did not match the proof in the files of four residents.
2. Resident files for six residents did not contain a social security number or a birth certificate for all family members.
3. Two resident files did not contain social security numbers for their children over the age of six.

Possible asserted effect (cause and effect):

Cause: During the year the Executive Director passed away and was not replaced for over three months. One of the intake people became interim director and there was not enough manpower to review files for errors, etc. In addition, it appears they are not reviewing the checklist of items needed.

Effect: The resident files and HUD data are incorrect and/or incomplete for some resident files.

Recommendations to prevent future occurrences: HUD Forms 50058 should be compared to the supporting documentation for accuracy. The checklists of items required should be reviewed for completeness.

Housing Authority of the City of Minden

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-133. This information has been prepared by the management of the Housing Authority. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular No. A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) requires the auditor to follow up on prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit finding.

**Housing Authority of the City of Minden
Summary Schedule of Prior Audit Findings
June 30, 2003**

Finding reference # and title: **02-F2** **Undocumented Vendor Expenses**

Initially occurred: June 30, 2002.

Condition: Effective internal controls should provide documentation of a purchase and approval of purchases.

A test of vendor disbursements yielded the following :

One check did not have a purchase order attached.
There were two instances where the documentation was not canceled.
There were two instances where the payments had no approval.

Corrective action taken: Invoices were not paid unless proper documentation was provided.

Person responsible for corrective action:

Reese Hood, Executive Director	Telephone: (318) 377-1077
Housing Authority of the City of Minden	Fax: (318) 377-6252
1209 East Street	
Minden, LA 71055	

Finding reference # and title: **02-F2** **Unsecured Deposits**

Initially occurred: June 30, 2002.

Condition: Louisiana Revised Statutes Title 39 - Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA R.S. 39:1225 require that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

At June 30, 2002, the Housing Authority had \$695,610 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$506,405 at June 30, 2002. The remaining \$89,205 was uncollateralized.

Corrective action planned: See corrective action plan for current-year audit findings.

Person responsible for corrective action:

Reese Hood, Executive Director	Telephone: (318) 377-1077
Housing Authority of the City of Minden	Fax: (318) 377-6252
1209 East Street	
Minden, LA 71055	

**Housing Authority of the City of Minden
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended June 30, 2003**

Reference # and title: **03-F1** **Unsecured Deposits**

Condition: Louisiana Revised Statutes Title 39 – Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA-R.S. 39:1225 require that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

At June 30, 2003, the Housing Authority had \$844,323 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$228,848 at June 30, 2003. The remaining \$515,475 was uncollateralized.

Corrective action planned: A discussion was held with the person responsible for pledging securities at the bank. Each month the Housing Authority will receive a pledge report and it will be reviewed to ensure that deposits are secured.

Contact person responsible for corrective action:

Reese Hood, Executive Director
Housing Authority of the City of Minden
1209 East Street
Minden, Louisiana 71055

Telephone: (318) 377-1077
Fax: (318) 377-6252

Anticipated completion date: Immediately.

Reference # and title: **03-F2 Resident Files**

Condition: 24 CFR Sections 5.212, 5.230 and 5.601 through 5.617, as well as HUD guidance concerning the Form 50058 contain requirements for information required to be maintained in resident files. These requirements dictate that a copy of HUD Form 50058 be maintained for each resident. Social security numbers and dates of birth listed on the form should agree to the proof provided. Residents must provide proof of birth dates for all family members and must provide social security numbers for all children over the age of six.

The following exceptions were noted for the sample of 15 resident files tested:

1. Social security numbers and/or birth dates listed on HUD Form 50058 did not match the proof in the files of four residents.
2. Resident files for six residents did not contain a social security number or a birth certificate for all family members.
3. Two resident files did not contain social security numbers for their children over the age of six.

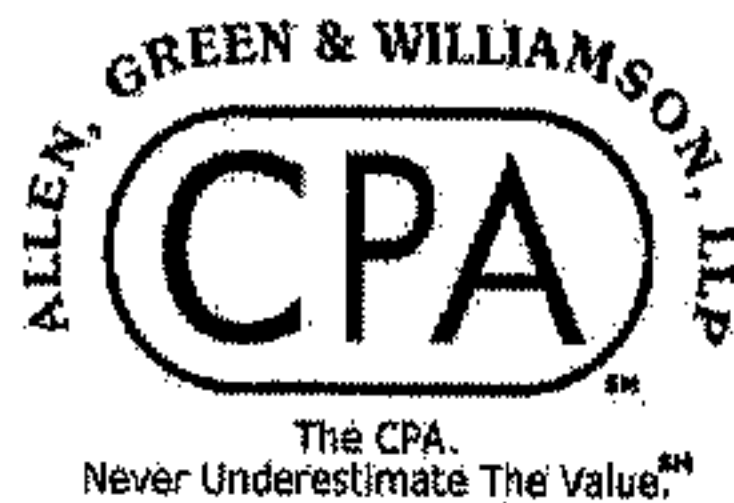
Corrective action planned: The Housing Authority staff is aware of the problem of social security numbers not matching the proof in the files. This has been corrected. Social security numbers and birth certificates are double-checked to make sure they are in the files if required. HUD Form 50058 is being checked to supporting documents for accuracy.

Contact person responsible for corrective action:

Reese Hood, Executive Director
Housing Authority of the City of Minden
1209 East Street
Minden, Louisiana 71055

Telephone: (318) 377-1077
Fax: (318) 377-6252

Anticipated completion date: Immediately.



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Management Letter

The Board of Directors
Housing Authority of the City of Minden
Minden, Louisiana

In planning and performing our audit of the basic financial statements of the Housing Authority of the City of Minden, Minden, Louisiana, for the year ended June 30, 2003, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 3, 2003, on the basic financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comment is as follows:

03-M1 Vendor and Payroll Disbursements

Comment: Good internal control requires that a system be in place which ensures completeness and accuracy in entries made into the general ledger. A test of vendor disbursements yielded one check which, when traced to the general ledger, had a different payee and a different amount from the payee and amount shown on the canceled check. In addition, controls over the payroll function should include review and authorization of time cards or time sheets by a supervisor. A test of payroll disbursements indicated that administration personnel time sheets were not being signed by a supervisor.

Recommendation: Once checks are entered into the system by the fee accountant and monthly printouts prepared, invoices should be compared to the check register for completeness and accuracy. Also, time sheets should be reviewed by someone separate from the payroll function.

Management's Response: Our fee accountant will compare the check register to invoices for accuracy and completeness after the invoices are processed. Time sheets are now being reviewed and signed by the Executive Director.

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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

allen, green + williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

October 3, 2003